

BELFRY GAS COMPANY, INC.

Post Office Box 155
Allen, Kentucky 41601
(606) 874-2846

RECEIVED

MAR 8 2004

PUBLIC SERVICE
COMMISSION

March 4, 2004

Public Service Commission
Attn: Thomas Dorman
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Case 2004-00075

Dear Mr. Dorman:

Please find enclosed Belfry Gas Company's PGA for April 4, 2004, thru July 1, 2004.

If you have any further questions, please feel free to contact me at the above address or telephone number.

Sincerely,



Stephen G. Jenkins, Manager
Belfry Gas Company, Inc.

Enclosure

BELFRY GAS COMPANY

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

RECEIVED
MAR 8 2004
PUBLIC SERVICE
COMMISSION

Date Filed:

MARCH 5, 2004

Date Rates to be Effective:

APRIL 4, 2004

Reporting Period is Calendar Quarter Ended:

DECEMBER 31, 2003

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 7.3782
+ Refund Adjustment (RA)	\$/Mcf	- 0 -
+ Actual Adjustment (AA)	\$/Mcf	.0042
+ Balance Adjustment (BA)	\$/Mcf	- 0 -
<u>= Gas Cost Recovery Rate (GCR)</u>	<u>\$/Mcf</u>	<u>\$ 7.3824</u>

GCR to be effective for service rendered from April 4, 2004 to July 1, 2004

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	378,885
+ Sales for the 12 months ended <u>DECEMBER 31, 2003</u>	Mcf	
<u>= Expected Gas Cost (EGC)</u>	<u>\$/Mcf</u>	<u>51,352</u>
		7.3782

B. REFUND ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	0
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
<u>= Refund Adjustment (RA)</u>	<u>\$/Mcf</u>	<u>0</u>

C. ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	.0060
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	.0013
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	.0056
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0087)
<u>= Actual Adjustment (AA)</u>	<u>\$/Mcf</u>	<u>.0042</u>

D. BALANCE ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	0
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
<u>= Balance Adjustment (BA)</u>	<u>\$/Mcf</u>	<u>0</u>

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended <u>DECEMBER 31, 2003</u>					
(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) <u>Btu Conversion Factor</u>	(4) <u>Mcf</u>	(5)** <u>Rate</u>	(6) <u>(4)x(5) Cost</u>
KINHAG DEVELOPMENT COMPANY, LLC	42,923	1.20	51507	7.3560	\$ 378,885

Totals	<u>42,923</u>		<u>51,507</u>		<u>\$ 378,885</u>
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Line loss for 12 months ended DECEMBER 31, 2003 is .30 % based on purchases of 51,507 Mcf and sales of 51,352 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	378,885
+ Mcf Purchases (4)	Mcf	51,507
= Average Expected Cost Per Mcf Purchased	\$/Mcf	7.3560
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	51,507
= Total Expected Gas Cost (to Schedule IA.)	\$	378,885

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.
**Supplier's tariff sheets or notices are attached.

SCHEDULE III
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended DECEMBER 31, 2003

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	0
<u>+ Interest</u>	\$	0
= Refund Adjustment including interest	\$	0
<u>+ Sales for 12 months ended</u>	Mcf	
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	0

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended DECEMBER 31, 2003

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (OCT)</u>	<u>Month 2 (NOV)</u>	<u>Month 3 (DEC)</u>
Total Supply Volumes Purchased	Mcf	1436	3973	7380
Total Cost of Volumes Purchased	\$	8,685	24,029	44,634
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	1426	3913	7375
<u>= Unit Cost of Gas</u>	<u>\$/Mcf</u>	<u>6.0905</u>	<u>6.1408</u>	<u>6.0521</u>
<u>- EGC in effect for month</u>	<u>\$/Mcf</u>	<u>6.0593</u>	<u>6.0593</u>	<u>6.0593</u>
= Difference [(Over-)/Under-Recovery]	\$/Mcf	.0312	.0815	(.0072)
<u>x Actual sales during month</u>	<u>Mcf</u>	<u>1426</u>	<u>3913</u>	<u>7375</u>
= Monthly cost difference	\$	44	319	(53)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	310
+ Sales for 12 months ended <u>DECEMBER 31, 2003</u>	Mcf	<u>51,352</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	.0060

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended DECEMBER 31, 2003

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the AA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the AA was in effect.	\$	
Equals: Balance Adjustment for the AA.	\$	_____
(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect.	\$	
Equals: Balance Adjustment for the RA.	\$	_____
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect.	\$	
Equals: Balance Adjustment for the BA.	\$	_____
Total Balance Adjustment Amount (1) + (2) + (3)	\$	_____
+ Sales for 12 months ended _____	Mcf	
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	○

KINHAG DEVELOPMENT COMPANY, LLC

P.O. Box 155
Allen, KY 41601

February 24, 2004

Belfry Gas Company, Inc.
P.O. Box 504
Allen, KY 41601

RE: Gas Purchase Contract

Gentlemen:

This is to notify you that there will be a gas price adjustment effective April 1, 2004. Your company will be charged a cost of \$7.3560 per MCF delivered. This amount is calculated based on the terms of the contract between Belfry Gas Company, Inc., and Kinbag Development Company, LLC, and the most current FERC Index as of February 24, 2004. Enclosed is a copy of the NYMEX summary, with the Index indicated at the bottom.

Sincerely,

KINHAG Development Company, LLC

Enclosure

NYMEX

24 Feb. 04 - Settle

DUE TO TRAVEL TOMORROWS CLOSE WILL APPEAR THUR. AM
MARCH CLOSES TOMORROW

1992 - Forward	Month	Price	Change	Lowest	Highest
Mar.	5.077	-.050	9.577		1.249
Apr.	5.084	-.022	7.680		1.418
May	5.109	-.014	6.842		1.596
June	5.141	-.005	6.570		1.685
July	5.179	+.012	6.521		1.517
Aug.	5.199	+.014	6.584		1.385
Sept.	5.176	+.018	6.556		1.484
Oct.	5.196	+.023	6.566		1.406
Nov.	5.369	+.031	6.660		1.772
Dec.	5.552	+.044	6.785		1.661
Jan.	5.687	+.051	9.978		1.639
Feb.	5.642	+.051	9.819		1.046

AVE.

5.2843

ALL TIME HIGH = 6.6300

5.2843 + .22 = 5.5043

APR. CRUDE 34.58 +.23

3:30 PM DOW 10,547.18 -62.44 ALL TIME HIGH 11,722.90

3:30 PM NASDAC 2001.07 -6.45

02 Mar. through 08 Mar. - The Northeast will be normal. The Southwest will be colder than normal.

INSIDE FERC INDICES FOR FEBRUARY

COLUMBIA APPALACHIA = \$6.03

COLUMBIA GULF ONSHORE LA. = \$5.75

BASIS = \$.28

TENN. LA 800 LEG = \$5.69

DOMINION TRANS. = \$6.51